



# Capstone Headwaters

## EDUCATION TECHNOLOGY 2019 YEAR IN REVIEW

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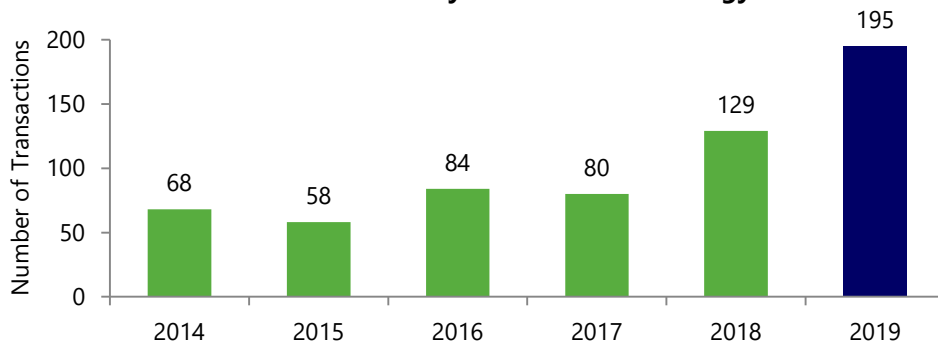
### MERGER & ACQUISITION OVERVIEW

The Education Technology (EdTech) industry has continued to experience rapid consolidation with 195 transactions announced or completed in 2019. Heightened merger and acquisition (M&A) activity has been fueled by persistent demand for disruptive and scalable technology as industry operators seek to expand product offerings and market share. In addition to robust transaction activity, recent investment patterns have targeted EdTech providers that offer innovative products for classroom teacher support and to streamline administrative operations in K-12 schools. Funding in the segment has risen substantially with teacher needs and school operations garnering \$95 million and \$148 million in 2018, respectively, according to EdSurge.<sup>1</sup>

Large industry operators have remained acquisitive through year-end, evidenced by Renaissance Learning's three acquisitions (page three) in 2019. EdTech providers have also utilized M&A as a means to diversify product offerings and end-markets outside of their core competencies. Notably, Health & Safety Institute, a leader in environmental health and safety software and training services, acquired Martech Media, Inc, a provider of industrial technology e-learning training solutions (December 2019, undisclosed).

Private equity firms have remained active in the industry, accounting for 52% of transaction volume. Operators that provide disruptive platforms and institutional business models, selling directly to schools districts, have garnered significant investment interest and premium valuations.

#### M&A Activity: Education Technology



Source: Capital IQ, PitchBook, FactSet, and Capstone Headwaters Research



## ACTIVE BUYERS



**Founded:** 1998  
**Headquartered:** Malvern, PA  
**PE-Backing:** Thoma Bravo

**Company Overview:** Frontline Technologies Group LLC develops cloud-based K-12 education administration software to school districts in the U.S. The company's software allows school districts to proactively manage its recruiting and hiring, employee absences and attendance, professional growth, and special education and interventions programs. Frontline was acquired by Thoma Bravo from Insight Venture Management in 2017 and has since acquired three companies, two of which were acquired in 2019:



**Accelify, LLC (October, Undisclosed)** – Frontline acquired Accelify Solutions, a provider of cutting-edge K-12 special education management systems designed to facilitate special education program operations and compliance as well as Medicaid reimbursement. Accelify's modular software products and services provide tools and data necessary to produce informed decisions such as student plan development, staffing estimation and allocation, schedule optimization, enhanced service capture, progress monitoring, and process automation. Frontline will leverage Accelify's focus on compliance and Medicaid reimbursement as well as its coverage in three of the 10 largest districts in the U.S. to advance its existing special education offerings.<sup>2</sup>



**Perennial EdTech, LLC (July, Undisclosed)** – Frontline acquired California-based Perennial EdTech, the parent company of Escape Technology, Digital Schools, eDoctrina, Healthmaster, and Software Answers, from Alpine Investors. Perennial provides educational offerings, including enterprise resource planning (ERP) software, web-based classroom and student management solutions, integrated HR, position control, gross payroll, and budgeting software, to eight million students through over 1,700 clients.<sup>3</sup> Perennial's premier offerings will be leveraged to advance Frontline's robust offerings in human capital management, business operations, and student management.



**Founded:** 1988  
**Headquartered:** Bethesda, MD  
**PE-Backing:** Summit Partners

**Company Overview:** Teaching Strategies is a leading provider of proprietary early childhood education solutions, including curriculum and online assessment products. Its research-based solutions serve childhood and student development, promoting advancement in the areas of social-emotional, language, and cognitive skills. Teaching Strategies' proprietary product suite includes web-based curriculum products such as The Curriculum® and assessment solution Gold®. In 2018, the company was sold by L Squared Capital Partners to Summit Partners. Previously, Teaching Strategies acquired Tadpoles LLC (February 2015, undisclosed), a provider of child management solutions to the Private Childcare market, to include offerings that promote communication between parents and childcare educators.



**ReadyRosie LLC (September, Undisclosed)** – Teaching Strategies expanded its family engagement and early learning resource solutions with its acquisition of ReadyRosie in September 2019. ReadyRosie, founded in 2011, provides an online technology platform that enables educators to communicate with families and share research-based content with parents and caregivers to extend high-quality learning experiences beyond the classroom. With over 1,000 videos, ReadyRosie's combination of mobile friendly tools, video tutorials, and in-person family workshops have helped over 6,500 Head Start programs, child care centers, and elementary schools in the U.S.<sup>4</sup> ReadyRosie's research-based platform is offered in English and Spanish also provides real-time, actionable data for administrators, teachers, and families to measure engagement.



## ACTIVE BUYERS (CONTINUED)



**Founded:** 1997  
**Headquartered:** Folsom, CA  
**PE-Backing:** Onex Corporation (TSX:ONEX)

**Company Overview:** PowerSchool is a leading provider of K-12 education application technology, supporting over 45 million students in more than 80 countries. It offers management solutions for learning, grading, attendance, assessment, analytics, state reporting, special education, and human resources. PowerSchool's solutions have been widely adopted in the K-12 Education industry. In June, it partnered with the Organization for Education Technology and Curriculum (OETC), implementing PowerSchool SIS in OETC's member school districts.



**Schoolology, Inc. (October 2019, Undisclosed)** - Schoolology is a leading K-12 Learning Management system (LMS) that provides personalized learning capabilities to allow teachers to efficiently develop individual learning paths for students. The acquisition highlights PowerSchool's growth initiative to allocate more resources towards software research & development (R&D), product enhancements, and innovation, evidenced by the current annual investment of \$90 million towards these segments. Schoolology will be integrated into PowerSchool's Unified Classroom platform and is expected to receive a 40% increase in research R&D to fuel product development, according to a press release.<sup>5</sup>



**Founded:** 1986  
**Headquartered:** Wisconsin Rapids, WI  
**PE-Backing:** Francisco Partners Management, L.P.

**Company Overview:** Renaissance Learning is a premier global provider of online assessment, reading, and math solutions for pre-K-12 schools and districts. Renaissance's platform, which includes Star Assessments, myIGDIs, and Accelerated Reader, leverages learning analytics to assess students' understanding of essential reading and math skills. Its assessment and student development solutions are used by more than one-third of U.S. schools to accelerate student learning.



**Schoolzilla PBC, Inc. (October 2019, Undisclosed)** - Renaissance has acquired Schoolzilla, a provider of a data-driven dashboard that integrates student data, for an undisclosed sum. Schoolzilla's Mosaic dashboard provides data-driven insights that utilize multiple sources of student data, including attendance, suspensions, and grades, to monitor student progress towards school or district goals. The acquisition significantly enhances Renaissance's ability to deliver actionable insights for evaluation of student attendance and achievement by integrating its Star Assessment capabilities with Schoolzilla's dashboards.



**Freckle Education Inc. (May 2019, Undisclosed)** - Freckle Education provides a differentiation platform for math, social studies, science, and English language arts that is used by over 700,000 teachers across approximately 75,000 schools. Freckle's platform differentiates instruction, delivering guided practice to students at their academic level. Its interactive platform provides activities aligned with state standards, teacher resources for progress reports and inquiry-based lesson plans, and an administrator dashboard. The acquisition expands Renaissance's student engagement and learning capabilities by integrating Freckle's student practice activities and teacher resources.



**Early Learning Labs, Inc. (April 2019, Undisclosed)** - Early Learning Labs provides assessment and monitoring tools to track early literacy, numeracy, and social-emotional learning progress through its myIGDIs platform. The IGDIs assessments are empirically-backed by over twenty years of federally funded research. The acquisition bolsters Renaissance's presence in the Early Learning space and marks its entrance to the Curriculum-Based Measurement market.



## CLIENT CASE STUDY: CALIPER CORPORATION



### Caliper Corporation, Inc. Acquired by PSI Services LLC – December 2019

Capstone Headwaters advised Caliper Corporation Inc. on its acquisition by PSI Services. Terms of the deal were not disclosed.

- ▶ Caliper is the leading provider of talent management solutions for organizations hiring and developing employees. Caliper leverages decades of data and validated assessment results to provide deep insights into employee and candidate potential, predict job performance, and uncover developmental opportunities for the workforce. For nearly 60 years, Caliper has helped over 65,000 organizations worldwide to improve critical aspects of managing talent.
- ▶ Mark Greenberg, CEO of Caliper, commented, "When my father founded Caliper in 1961, he was driven by the goal of recognizing potential and improving organizational effectiveness through the selection of well-matched talent, specifically high-performing sales talent. I am extremely proud to have Caliper's team join PSI, who shares our passion for combining science with technology in order to drive valuable outcomes for our customers."
- ▶ "Caliper has been a leader in the talent assessment space for decades, and we have always greatly admired their approach to helping organizations recruit and develop the highest performing sales talent," said Peter Celeste, President of PSI. "Combining the flagship Caliper Profile together with the Caliper Precision Series, which provides new innovations in sales development, we knew it would be the perfect fit to further strengthen and diversify our assessment portfolio. We look forward to welcoming the Caliper team and products to the PSI family."
- ▶ PSI Services LLC (PSI) is a global workforce solutions provider that designs robust solutions for our clients by blending best-in-class assessment content, leading-edge technology, and deep consulting expertise across the entire career life cycle. PSI has over 70 years of experience providing worldwide testing solutions to a wide variety of customers across public and private sector industries, ranging from small businesses to global enterprises, leading academic institutions, and government organizations.

**“There are three things one should never discount - your brain surgeon, your parachute packer, and importantly, the investment banking advisor/team that will ensure the greatest inurement of value from a transaction to shareholders and stakeholders. The Capstone team excelled providing the industry knowledge and adept negotiating skill to complete a watershed transaction for everyone at Caliper.”**

- Steve Wills, Executive Chairman, Caliper



## CLIENT CASE STUDY: THE RICHARDSON COMPANY



### The Richardson Company Acquired by Sales Performance International, a Portfolio Company of Kartesia Advisors LLP – November 2019

Capstone Headwaters advised The Richardson Company, a portfolio company of ClearLight Partners, on its acquisition by Kartesia Advisor's portfolio company, Sales Performance International (SPI). Terms of the deal were not disclosed.

- ▶ Founded in 1978 and headquartered in Philadelphia, PA, Richardson is widely recognized for its excellence in driving superior sales skill improvement with its Consultative Selling approach and Connected Selling Curriculum™. The curriculum is delivered via a best-in-class, blended learning approach with industry leading instructors and Richardson Accelerate™, the company's digital learning platform. The platform combines an active learning methodology with an exceptional user experience to drive engagement and adoption of new skills.
- ▶ John Elsey, CEO of Richardson, and Jürgen Heyman, CEO of SPI, released a joint statement saying, "The Sales Training industry now has a strategic market leader that can provide scalable, end-to-end learning and enablement solutions that drive measurable sales results. The combination of our two companies provides customers with globally proven sales methodologies, cutting-edge digital learning technology, CRM-based sales execution tools, and, most importantly, a way to objectively measure ROI. We are delighted to join forces to drive long-term, measurable sales results for our customers around the world."
- ▶ Discussing the transaction, Laurent Bouvier, a Managing Partner at Kartesia, noted, "The numerous complementary assets between these two industry leaders is compelling and will provide an unrivaled suite of capabilities and global coverage to empower enterprise sales organizations. The combination of SPI and Richardson creates a comprehensive portfolio of classroom and digital learning, technology enablement, and industry expertise to drive improved sales performance and increased growth for global companies."

“ Jacob and his team worked assiduously throughout the sale process to meet the stringent demands of our stakeholders. Their expertise and work effort guided us successfully through to close with a great buyer and a top of the range valuation. ”

- John Elsey, CEO of Richardson





## CLIENT CASE STUDY: THE CENTER FOR LEGAL STUDIES



### Certificate-Granting Legal Education Company Acquired by Leeds Equity Partners' Portfolio – June 2019

Capstone Headwaters advised The Center for Legal Studies (CLS) on its acquisition by Leeds Equity Partners' portfolio company, BARBRI. Terms of the deal are confidential.

- ▶ The Center for Legal Studies, founded in 1980 and based in Evergreen, CO, provides online and classroom legal education through a network of 200 colleges and universities across the U.S. It focuses on common law and legal training curriculum which is delivered to students via live lecture, online, DVD, and Text-only formats. Delivery is on a "white label" basis, through public and private universities which use their own brand on the program and issue their own certificates upon completion. The courses are primarily focused on legal education, including paralegal, legal research and writing, and law school prep (LSAT, etc.).
- ▶ "The acquisition of The Center for Legal Studies represents a further step in BARBRI's strategy to broaden its legal education product offering and extend its online program management partnering capabilities with colleges and universities. BARBRI's deep and broad product suite uniquely enables it to address the needs of law students, law schools, practicing legal and legal support professionals and law firms," said Jacques Galante, Partner at Leeds Equity Partners.
- ▶ "The Center for Legal Studies enhances BARBRI's position as the best in class provider of learning for legal professionals," added Eric Geveda, Managing Director at Leeds Equity Partners. "We look forward to the continued success of The Center for Legal Studies as part of BARBRI."
- ▶ A portfolio company of Leeds Equity Partners, The BARBRI Group companies meet the legal education needs of law students and attorneys throughout their careers. BARBRI has helped more than 1.3 million lawyers around the world pass a U.S. bar exam. They are widely known in the legal community as the leader in preparation classes due to their innovative testing and learning technologies combined with years of experience training lawyers around the world. This acquisition opens up a new avenue of legal education for BARBRI.

**“ We vetted several investment banks before ultimately choosing Capstone Headwaters due to their superior knowledge of the buyer universe, the energy of the team and their extensive experience with closing deals in the Education sector. ”**

- Gary Knippa, President of The Center for Legal Studies



## NOTABLE TRANSACTIONS

### Transom Capital Group, LLC acquires Scantron Corporation (December 2019, Undisclosed)



Acquires



Transom Capital has acquired Scantron, a leading comprehensive assessment and technology solutions provider to the K-12, Higher Education, Healthcare, and Financial Services markets. Terms of the transaction were not disclosed. Scantron offers education assessment capabilities, licensure and certification solutions, and survey services through its Assessment Solutions division. Scantron's Technology Solutions division provides managed information technology, managed print, and hardware support services.

Transom Capital is an operations-focused middle market private equity firm with over \$500 million in assets under management. "By joining Transom, we will gain important strategic engagement, a commitment to serve the Education industry, operating expertise, and investment to accelerate our growth trajectory. We have the opportunity to work with an owner that will prioritize strategic investments in Scantron, allowing us to innovate and grow in education assessments, certification testing, and technology solutions," commented CEO of Scantron, Kevin Brueggeman in a press release.<sup>6</sup>

### Thoma Bravo, LLC to acquire Instructure, Inc. (December 2019, \$1.9 Billion)



To Acquire



Thoma Bravo has agreed to acquire leading global SaaS-based learning, assessment, and performance management provider, Instructure (NYSE:INST), for an enterprise value of \$1.9 billion equivalent to 7.7x revenue. Instructure's Canvas platform offers digital learning management solutions that provide personalized learning for K-12 and Higher Education Institutions. It also provides employee development solutions through its Bridge platform, offering career planning employee engagement, and skills practice tools.

Thoma Bravo is a premier private equity firm that specializes in the Software and Technology-enabled industries with over \$35 billion in capital commitments across a series of funds. The take-private acquisition allows Instructure to achieve greater scale of its Canvas platform and promote further investment in innovating its education technology solutions as it seeks to expand its global footprint. Thoma Bravo plans to drive value and accelerate Instructure's growth trajectory through increased product investment and inorganic growth.

### NexPhase Capital, LP acquires Surgent McCoy CPE, LLC (November 2019, Undisclosed)



Acquires



NexPhase Capital has acquired Surgent McCoy, a leading provider of continuing professional education (CPE) and exam preparation courses to the Accounting, Finance, and Healthcare industries. Terms of the transaction were not disclosed. Founded in 1985, Surgent offers comprehensive online and live CPE courses, providing nearly one million CPE credits to thousands of licensed accountants. Surgent has also grown its presence in the Healthcare Continuing Education market, evidenced by its recent acquisition of Pharmaceutical Education Consultants (August 2019, Undisclosed), a provider of continuing education for healthcare professionals.

NexPhase is a private equity firm that specializes in the Consumer, Healthcare, and Software & Services sectors in the lower middle market. The private equity firm has completed over 60 investments through platform and add-on acquisitions between \$25 and \$75 million, according to a press release.<sup>7</sup> The acquisition elevates Surgent's leading position in the Professional Education industry, leveraging NexPhase's investment expertise in vertical and software services to drive increased scale and product innovation.



## SELECT TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	EBITDA
12/24/19	OverDrive	KKR	Provides a digital reading platform of e-Books and other materials to libraries, schools, and colleges.	-	-	-
12/10/19	SchoolSpire	Mentoring Minds	Offers a software platform that integrates a district's existing systems.	-	-	-
12/04/19	Instructure	Thomas Bravo	Provides a SaaS platform for learning, assessment, and performance management.	\$1,894.6	7.7x	-
12/04/19	Scantron	Transom Capital	Offers web-based assessment and survey solutions for K-12 educators.	-	-	-
12/03/19	Caliper	PSI Services	Operates as an employee-assessment and talent-management solutions company.	CF	CF	CF
11/26/19	EdgeMakers	Coded Minds	Provides a learning system through an online platform and in classrooms.	-	-	-
11/22/19	Richardson	Kartesia	Offers sales training, coaching, continuous learning, and performance improvement services.	CF	CF	CF
11/18/19	N2y	Providence Equity	Develops special education software, learning tools, and curriculum.	-	-	-
11/18/19	Education.com	IXL Learning	Operates an online education platform for parents, teachers, and homeschoolers.	-	-	-
11/04/19	Lumerit Education	Pearson	Offers a bachelor's degree program and degree manager software for full and part-time students.	\$29.0	-	-
10/29/19	Schoolzilla	Renaissance Learning	Provides a data-driven dashboard to monitor student data including attendance and grades.	-	-	-
10/24/19	Schoology	PowerSchool	Offers learning management systems for K-12 schools and districts.	-	-	-
09/30/19	VitalSmarts	Leeds Equity	Provides corporate training and leadership development services.	-	-	-
09/16/19	Clark	Noodle Education	Offers an online virtual assistant platform for independent educators and tutors.	-	-	-
09/04/19	ReadyRosie	Teaching Strategies	Operates an online platform that allows educators to communicate and share content with parents.	-	-	-
09/04/19	Thinkful	Chegg	Provides 1-on-1 learning through a network of industry experts and an online platform.	\$100.0	7.1x	-
08/28/19	Rhyme Softworks	Coursera	Offers an online platform for hands-on projects.	-	-	-
08/23/19	AIR Assessment	Cambrium Learning	Provides school assessment and learning products and services to measure student progress.	-	-	-
08/07/19	eLogic Learning	Absorb Software	Develops and provides web-based learning management solutions and corporate training services.	-	-	-
07/30/19	Calvert Education Services	Edmentum	Offers time-tested and home school curriculum services online.	-	-	-
07/24/19	The Learning Network	Pluribus Technologies	Develops eLearning services to corporate departments, associations, and other organizations.	-	-	-
07/18/19	Perennial EdTech	Frontline Technologies	Develops ERP software, classroom and student management solutions, and other HCM solutions.	-	-	-
07/09/19	Roger CPA Review	UWorld	Provides personalized online and mobile learning platforms for CPA certification.	-	-	-

Note: CF = confidential; highlighted deals are Capstone Headwaters' transactions  
Source: Capital IQ, Pitchbook, FactSet, and Capstone Headwaters Research





## SELECT TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	EBITDA
07/09/19	Proximity Learning	Education Solutions Services	Offers interactive online foreign language courses for K-12 schools.	-	-	-
07/01/19	zyBooks	John Wiley & Sons	Provides animated and interactive learning materials.	\$57.5	5.6x	-
06/25/19	Mawi	ACT	Provides a suite of student courses in online, blended, or flipped classroom formats.	-	-	-
06/25/19	FastBridge Learning	Illuminate Education	Develops assessment solutions software to track student progress in reading, math, and behavior.	-	-	-
06/13/19	The Center for Legal Studies	BARBRI	Provides legal studies courses through live lectures, DVDs, text-only, as well as online channels.	CF	CF	CF
05/31/19	OnCourse Learning	Adtalem	Offers online professional training services including compliance training and licensure preparation.	\$118.4	3.8x	-
05/22/19	Onfire Learning	Appliqate	Provides a learning management systems for personalized study plans for students.	-	-	-
05/20/19	Freckle Education	Renaissance Learning	Provides a platform for K-12 education that offers lessons and materials to teachers.	-	-	-
05/15/19	Kinderlime	TA Associates; Procure Software	Provides software management learnings for childcare and afterschool.	-	-	-
05/15/19	Poio	Kahoot!	Develops a mobile application that engages kids with written language.	\$6.5	-	-
05/09/19	DragonBox	Kahoot!	Develops mobile educational games.	\$18.0	-	-
05/09/19	StoryBots Brand of JibJab Media	Netflix	Comprises an educational animated series.	-	-	-
05/06/19	Knewton	John Wiley & Sons	Develops platform to personalize educational content.	-	-	-
05/03/19	Dude Solutions	Clearlake Capital	Provides SaaS solutions for educational facilities and technology professionals.	~\$500.0	~5.0x	-
05/01/19	Cengage Learning	McGraw-Hill Education	Provides content and innovative digital learning solutions for academic skills, school, and research.	-	-	-
04/15/19	OnCourse Learning Division	Adtalem Global Education	Offers education and compliance solutions courses in the field of financial services.	\$121.0	3.9x	-
04/08/19	Trilogy Education Services	2U	Offers a platform to partner with universities to create and manage skills-based training programs	\$750.0	7.7x	-
04/08/19	Early Learning Labs	Renaissance Learning	Offers preschool assessments for monitoring the growth and development of children.	-	-	-
04/08/19	Flocabulary	Nearpod	Provides web-and mobile-based instructional videos, to support the development of core literacy skills.	-	-	-
04/03/19	Mizuni	Hoonuit	Develops enterprise solutions which enable data integration, analysis, and mapping.	-	-	-
04/02/19	MasteryConnect	Instructure	Operates an online community that allows educators to connect and collaborate with their colleagues.	\$42.5	-	-
04/02/19	AgileHR	PrismHR	Develops and delivers cloud-based talent management.	-	-	-
04/01/19	USEED	CampusLogic	Provides an online crowdfunding platform for higher education.	-	-	-

Note: CF = confidential; highlighted deals are Capstone Headwaters' transactions  
Source: Capital IQ, Pitchbook, FactSet, and Capstone Headwaters Research



## SELECT TRANSACTIONS (CONTINUED)

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM	
					Revenue	EBITDA
03/29/19	Sparkler	Nickelodeon	Develops a learning platform that measures child development and delivers personalized content.	-	-	-
03/29/19	Assets of Cengage Learning	Elsevier	Comprises the Evolve Platform and Elsevier Adaptive Quizzing Application of Cengage Learning.	-	-	-
03/19/19	LEARN IT SYSTEMS	Gryphon Investors	Offers custom online and in-person academic intervention programs.	-	-	-
03/17/19	Equiday	Allovue	Develops software solutions for budget planning in the education system.	-	-	-
03/14/19	Tutorme.com	Zovio	Offers a tutoring platform with virtual whiteboards, audio/video chat, and screen-sharing.	\$4.8	-	-
03/12/19	Fullstack Academy	Zovio	Operates a software development bootcamp in New York and Chicago.	\$47.9	-	-
03/12/19	Trident University	Career Education Group	Operates online educational programs with proprietary a eLearning platform, EdActive.	\$44.0	-	-
03/06/19	Turnitin	Advance Publications	Develops an online educational writing platform with instructors, tools, and student progress assessments.	\$1,700.0	11.3x	-
03/06/19	Assessment Technology	Imagine Learning	Develops web-based applications for pre-K and K-12 providers for online instruction and testing.	-	-	-
02/19/19	Portfolium	Instructure	Operates a cloud platform that partners with schools to assess student learning and find employment.	\$42.9	-	-
02/19/19	SchoolAdmin	Quad Partners	Develops admissions and enrollment management software for K-12 schools.	-	-	-
02/18/19	US K-12 Business of Pearson	Nexus Capital	Comprises the US K-12 Courseware Business which offers K-12 learning textbooks and resources.	\$250.0	0.5x	-
02/07/19	Ready4	TAL Education	Provides a mobile study application that offers GMAT preparation and tutoring resources.	-	-	-
02/06/19	Glynlyon	Weld North	Provides educational opportunities and curriculum for a diverse mix of pre K-12 students.	-	-	-
02/06/19	Infinite Cohesion	EMS LINQ	Offers a SaaS platform that provides educational solutions and services in the United States.	-	-	-
02/05/19	ZuluDesk	JAMF Software	Provides mobile device management solutions for teachers.	-	-	-
02/04/19	BrightBytes	Microsoft	Develops an evidence-based platform designed to deploy technology in school classrooms.	-	-	-
02/04/19	SureWatch	SchoolMint	Develops a system to help administrators track student movement and manage complex campus activities.	-	-	-
01/16/19	Tangible Play	Think & Learn (Byju's)	Develops a hardware gaming device for kids that connects to iPad and iPhone.	\$120.0	4.0x	-
01/15/19	PV Waggle	Houghton Mifflin Harcourt	Develops a learning platform which provides academic content for grades two to eight.	\$5.40	-	-
01/09/19	Studydrive	StepStone Deutschland	Operates collaboration platforms for students in Europe and internationally.	-	-	-
01/09/19	GreyCampus	Arrina Education	Provides training for working professionals including live-online and e-learning courses.	-	-	-
01/02/19	Turning Technologies	Centre Lane Partners	Develops audience response systems and data collection solutions for schools and businesses.	-	-	-

Source: Capital IQ, Pitchbook, FactSet, and Capstone Headwaters Research



## PUBLIC COMPANY TRADING & OPERATING DATA

Company	Price 12/12/19	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
2U, Inc.	\$23.36	29.0%	\$1,482.8	\$1,640.9	\$526.6	NM	NA	3.1x	NM
3P Learning Limited	\$0.60	72.7%	\$84.2	\$66.5	\$38.3	\$6.8	17.9%	1.7x	9.7x
American Public Education, Inc.	\$27.80	79.5%	\$428.1	\$229.9	\$288.8	\$37.7	13.1%	0.8x	6.1x
Asure Software, Inc.	\$8.00	78.0%	\$125.3	\$240.9	\$100.6	\$9.8	9.8%	2.4x	24.5x
Blackbaud, Inc.	\$79.01	81.2%	\$3,786.4	\$4,382.2	\$883.8	\$113.9	12.9%	5.0x	38.5x
Chegg, Inc.	\$38.49	79.8%	\$4,656.6	\$4,768.3	\$381.1	\$37.3	9.8%	12.5x	NM
China Online Education Group	\$7.15	91.1%	\$145.9	\$32.3	\$193.6	NM	NA	0.2x	NM
Cornerstone OnDemand, Inc.	\$57.52	91.8%	\$3,492.5	\$3,490.9	\$565.2	\$17.1	3.0%	6.2x	NM
Franklin Covey Co.	\$35.12	83.9%	\$491.1	\$502.3	\$225.4	\$15.8	7.0%	2.2x	31.7x
GP Strategies Corporation	\$14.33	83.7%	\$243.3	\$379.3	\$560.8	\$24.6	4.4%	0.7x	15.4x
Grand Canyon Education, Inc.	\$96.96	73.1%	\$4,634.9	\$4,785.6	\$742.9	\$291.8	39.3%	6.4x	16.4x
Houghton Mifflin Harcourt Co.	\$5.97	56.1%	\$742.3	\$1,343.6	\$1,398.2	NM	NA	1.0x	NM
K12 Inc.	\$20.06	53.6%	\$786.0	\$671.0	\$1,021.6	\$60.2	5.9%	0.7x	11.1x
Pearson plc	\$8.56	63.6%	\$6,669.9	\$8,841.5	\$5,201.2	\$580.0	11.2%	1.7x	15.2x
Pluralsight, Inc.	\$17.04	47.7%	\$1,734.5	\$1,855.6	\$295.4	NM	NA	6.3x	NM
Rosetta Stone Inc.	\$17.64	65.6%	\$424.4	\$395.7	\$180.6	\$2.9	1.6%	2.2x	NM
Strategic Education, Inc.	\$153.68	81.0%	\$3,300.5	\$2,979.2	\$975.5	\$209.4	21.5%	3.1x	14.2x
Sunlands Technology Group	\$2.42	42.5%	\$412.4	\$290.6	\$309.6	NM	NA	0.9x	NM
TAL Education Group	\$47.72	99.9%	\$28,238.0	\$27,822.9	\$2,951.9	\$416.6	14.1%	9.4x	66.8x
Tyler Technologies, Inc.	\$294.50	99.8%	\$11,481.5	\$11,311.7	\$1,039.6	\$195.7	18.8%	10.9x	57.8x
John Wiley & Sons, Inc.	\$48.38	91.3%	\$2,715.7	\$3,585.6	\$1,830.3	\$301.3	16.5%	2.0x	11.9x
Workday, Inc.	\$161.48	71.2%	\$37,140.4	\$36,588.2	\$3,439.5	NM	NA	10.6x	NM
Zovio Inc	\$1.99	18.9%	\$60.2	\$14.8	\$416.2	NM	NA	NM	NM

EV = enterprise value; LTM = last twelve months;  
 NM = not meaningful  
 \$ in millions, except per share data

<b>Mean</b>	<b>12.9%</b>	<b>4.0x</b>	<b>24.6x</b>
<b>Median</b>	<b>12.0%</b>	<b>2.3x</b>	<b>15.4x</b>
<b>Harmonic Mean</b>	<b>7.1%</b>	<b>0.5x</b>	<b>15.6x</b>



## FIRM TRANSACTIONS IN MARKET

### **CONFIDENTIAL, (LOI) Project Enrichment:**

The Company provides leadership and career training to high school students.

### **CONFIDENTIAL, (LOI) Project Foris:**

The Company provides lead generation and CRM software for the Travel/Study Abroad industry.

### **CONFIDENTIAL, (LOI) Project Universe:**

The Company provides online bar preparation instruction.

### **CONFIDENTIAL, (In Market) Project Belle:**

The Company provides early childhood education services with over 60 locations.

### **CONFIDENTIAL, (In Market) Project Muaddib:**

The Company provides degrees in computer science and science, technology, engineering, and mathematics (STEM).

### **CONFIDENTIAL, (In Process) Project Clever:**

The Company provides SaaS literacy solutions for pre-K to third grade markets.

### **CONFIDENTIAL, (In Process) Project Conquistador:**

The Company operates a regionally accredited college with an allied health and nursing focus.

### **CONFIDENTIAL, (In Process) Project Emancipate:**

The Company provides online apprenticeship and training solutions for radio, film, and culinary professions.

### **CONFIDENTIAL, (In Process) Project Heisman:**

The Company provides adaptive learning math learning software for high school and college markets.

### **CONFIDENTIAL, (In Process) Project Hoosier:**

The Company provides online and in-person teacher continuing education.

### **CONFIDENTIAL, (In Process) Project JetPack:**

The Company provides online certifications in allied health, business, and technology.

### **CONFIDENTIAL, (In Process) Project Martin:**

The Company provides online certifications in allied health, business, and technology for the military.

### **CONFIDENTIAL, (In Process) Project Resa:**

The Company provides high school students with the opportunity to study abroad.

### **CONFIDENTIAL, (In Process) Project Victura:**

The Company provides online test preparation and tutoring for SAT, ACT, GRE, and GMAT exams.

*To learn more about these opportunities, please contact Jacob Voorhees at:  
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## FIRM TRACK RECORD

 has been acquired by  a portfolio company of 	 THE POWER TO SELL has been acquired by  a portfolio company of 	 has been acquired by  a portfolio company of 	 has been acquired by 	 has been acquired by  a portfolio company of 
 has recapitalized with 	 has been acquired by 	 has partnered with 	 has been acquired by 	 has recapitalized with 
 has been acquired by 	 has been acquired by 	 has been acquired by  a portfolio company of 	 has received growth capital from 	 has been acquired by 
 Educate. Influence. Motivate. has been acquired by 	 has been acquired by 	 has been acquired by 	 has recapitalized with 	 has secured financing from 
 has been acquired by 	 has recapitalized with 	 has recapitalized with 	 has acquired 	 Your education solution. has been acquired by 





## FIRM TRACK RECORD (CONTINUED)

 Henley-Putnam University...  has secured financing from  <b>CMS SMALL-CAP PRIVATE EQUITY FUND</b>	 brillare hairdressing academy  has been acquired by  <b>ANAPHORA, LLC</b>	 ACADEMY of HEALING ARTS  has been acquired by  <b>MILAN</b> MILAN INSTITUTE	 <b>Edvisors</b> Go Higher.  has been acquired by  <b>College Loan Corporation</b>	 presidium  has been acquired by  <b>Blackboard</b>
 Pacific College of Oriental Medicine  has been acquired by  <b>QUAD PARTNERS</b>	 <b>KIMIS</b> SOFTWARE COMPANY  has been acquired by  <b>SAP</b>	 e2020 education2020  has been acquired by  <b>WELD NORTH</b>	 Institute Medical Institute  has been acquired by  <b>IBMC COLLEGE</b>	 SuccessEd  has been acquired by  <b>T C P</b>
<b>Ascendere Inc.</b>  has been acquired by   Bright Horizons FAMILY SOLUTIONS	 Alta COLLEGES INC.  has obtained a senior credit facility from    JPMorganChase Bank of America	 DOLINKA GROUP  has been acquired by   RENOVUS CAPITAL	 dns  has been acquired by   Dell SecureWorks	 ROBERTSON COLLEGE  has been acquired by   ECC maxim PARTNERS
 BOKY HOWELL  has been acquired by   LCP LYNWOOD CAPITAL PARTNERS	 ATAC  has been recapitalized by   THL Credit	 NTT Workforce Development Institute  has been acquired by   ccpi UNIVERSITY	 doapp we do color stuff  has been acquired by   NEWSCYCLE SOLUTIONS	 DALLAS NURSING INSTITUTE  has been acquired by   TCS Education System
 CYBERGRANTS  has recapitalized with   Waud Capital	 INSTRUCTION SET  strategic venture   KAPLAN	 QuickStart Intelligence  has been acquired by   CCI CORINTHIAN COLLEGES, INC.	 Invivo HealthCare Associates, Inc. ...Helping Kids Be Kids®  has been acquired by   POST CAPITAL	 REDSTONE COLLEGE  has been acquired by   SPARTAN COLLEGE OF AERONAUTICS AND TECHNOLOGY a portfolio company of <b>STERLING PARTNERS</b>



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Jacob brings over 20 years of experience to the Capstone Headwaters investment banking team. As one of the founding members of Capstone, he helped build Capstone's brand over the past decade. Today, Jacob serves as the Global Head of M&A and also leads the firm's Education & Training industry vertical. As Head of Global M&A, Jacob liaises with Capstone's 450+ international member network, IMAP. As head of the Education & Training practice, Jacob covers early childhood development, K-12, post-secondary, corporate training and the technologies, services and products that interweave all of those subsectors. Jacob is also spearheading the development of Capstone's Southeast and Mid-Atlantic practice. Over the last five years, Jacob's transactional work has resulted in over 40 individual nominations for deal of the year within his sectors culminating ten wins. The M&A Advisor named Jacob to its prestigious "40-UNDER-40" deal makers list in 2012.

Formerly, Jacob was with Andersen Corporate Finance LLC, where he focused his efforts on the software and direct marketing industries. He started his career in New York City with Rabobank International, a multi-national Dutch investment bank in Utrecht, the Netherlands. While at Rabobank International, Jacob worked in the mergers and acquisitions group focusing on cross-border transactions in South and Latin America in the consumer products, food & beverage industries. Additionally, Jacob founded Sophie's Fund which provides college scholarships and financial support to homeless youth. Jacob received an MBA from the Sloan School of Management at Massachusetts Institute of Technology (MIT) and a BS from Cornell University. He is a Series 7 and 63 Registered Securities Representative.



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# Capstone Headwaters

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